



Manual of Policy and Procedures

Title SYSTEM ANNUAL OPERATING BUDGET - ALLOCATION OF STATE GENERAL AND CAPITAL FUND APPROPRIATIONS	Number 403-A	Page 1 of 3
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PURPOSE

Vermont State Colleges System receives general and capital fund appropriations from the State of Vermont. The primary purpose of these appropriations is to support the VSCS and create access to higher education for Vermonters throughout the state. This policy describes the methodology by which the general fund and capital fund will be distributed across the component units (i.e. individual institutions, shared services and Chancellor’s Office.)

STATEMENT OF POLICY

1. Allocation of General Fund Appropriation

A. Deductions prior to allocation of the General Fund Appropriation:

- (1) Allocations named to a specific purpose by state law shall be allocated solely to that purpose and assigned to the appropriate component unit
- (2) All extraordinary and one-time funding not named to a specific purpose by state law
- (3) 2% of the total base appropriation less the values of (1) and (2) above for strategic initiatives at the discretion of the Chancellor. At the discretion of the Board of Trustees, any portion of the available balance from the prior fiscal year may, in whole or in part, be distributed to another purpose such as reallocation to the economic stabilization fund or distribution to the institutions proportional to the prior year’s appropriation allocation.
- (4) 2% of the total base appropriation less the values of (1) and (2) above allocated to an economic stabilization fund
- (5) Budgeted retiree medical costs

(6) Corporate functions including Chancellor, Government Relations, Board Support, and related activities.

- B. After all deductions occurring in A above, the remaining balance shall be distributed to the member institutions to fill the gap between a five-year rolling average of actual unrestricted Student Revenue (Net Tuition and Fees plus Room and Board) plus special purpose general fund allocations as described in A(1) above, less all Unrestricted Expenses excluding all Athletics, Camps & Conferences, and Development/Fundraising. Where the need exceeds the available general fund balance, the amount shall be shared proportionately. Under no circumstances shall an institution receive less than 15% of the available appropriation and not more than 85%. Further, to prevent undue harm to an institution, under no circumstances will the proportional change in appropriation exceed 1% for any given year.

Example

Available general fund appropriation after application of deductions is \$18,000,000.

	Institution 1	Institution 2
All Student Revenue	15,000,000	20,000,000
Gross Unrestricted Exp	23,000,000	40,000,000
Athletics	0	-6,500,000
Development	-75,000	-300,000
<u>Camps and Conferences</u>	<u>0</u>	<u>-1,000,000</u>
Net Expense	22,925,000	32,200,000
Balance	7,925,000	12,200,000
	39.4% of whole	60.6% of whole


The total need for both institutions is the sum of the balances for each organization: \$12,200,000 + \$7,925,000 = \$20,125,000. Because the need of \$20,125,000 exceeds the available balance, of \$18,000,000, the available balance is distributed proportionately to the whole of the need. Therefore, Institution 1 would receive 39.4% (\$7,092,000) of the available general fund appropriation and Institution 2 would receive 60.6% (\$10,908,000) of the general fund appropriation.

2. Allocation of Capital Fund Appropriation

- A. Deductions prior to allocation of the Capital Fund Appropriation:

- (1) Allocations named to a specific purpose by state law shall be allocated solely to that purpose and assigned to the appropriate component unit
- (2) \$500,000 for emergency repairs which shall be distributed at the discretion of the Chancellor or Chief Financial Officer

B. After all deductions in A above, the remaining balance shall be distributed proportionate to owned square footage by institution as calculated the fall before the beginning of each State Biennium; with the expectation that not less than \$150,000 will issued to each institution regardless of proportionate value.


 Signed by: _____
 Elizabeth Mauch, Chancellor

<u>Date</u>	<u>Version</u>	<u>Revision</u>	<u>Approved By</u>
1/23/2023	1.0	Adopted	VSCS Board of Trustees
1/22/2024	2.0	Updated	VSCS Board of Trustees